May 6, 2014

CANACOL ENERGY LTD.
TERMS OF OFFERING

A preliminary short form prospectus containing important information relating to the Common Shares has not yet been filed with the securities regulatory authorities in each of the provinces of Canada other than the province of Quebec. Copies of the preliminary short form prospectus may be obtained from the Underwriters. There will not be any sale or any acceptance of an offer to buy the Common Shares until a receipt for the final short form prospectus has been issued. This document does not provide full disclosure of all material facts relating to the Common Shares. Investors should read the preliminary short form prospectus, final short form prospectus and any amendment, for disclosure of those facts, especially risk factors relating to the Common Shares, before making an investment decision.

Issuer:	Canacol Energy Ltd. ("**Company**").
Offering:	Public offering of 15,823,000 common shares ("**Common Shares**") on a bought deal basis (prior to the Over-Allotment Option).
Offering Price:	$7.90 per Common Share.
Gross Proceeds:	Approximately $125,001,700.
Over-Allotment Option:	The Underwriters will have an over-allotment option to purchase up to an additional 15% of the Offering, at the Offering Price, exercisable any time up to 30 days following the Closing Date, to cover over-allotments at the closing time of the Offering and for market stabilization purposes.
Use of Proceeds:	The net proceeds from this Offering will be used to expand the Company's capital program and for general corporate purposes.
Selling Jurisdictions:	The Offering will be eligible for sale in the provinces of British Columbia, Alberta and Ontario and such other Canadian provinces and territories (excluding Quebec) as the Underwriters and the Company may agree (collectively, the "**Qualifying Provinces**"), acting reasonably. The Offering will also be sold in the United States on a private placement basis to Qualified Institutional Buyers pursuant to Rule 144A and in Europe and other eligible foreign jurisdictions in accordance with applicable regulations such that no prospectus, registration statement or similar document is required to be filed in any jurisdiction outside of Canada.
Qualification of Common Shares:	The Offering will be qualified by way of short form prospectus to be filed in the Qualifying Provinces.
Eligibility:	The Common Shares will be qualified investments under the Income Tax Act (Canada) for TFSAs, RRSPs, RRIFs, RESPs and DPSPs.
Listing:	The shares from the Offering will be listed on the Toronto Stock Exchange.
Commission:	4.5% cash fee.
Closing Date:	May 27, 2014, or such later date as may be mutually agreed upon.